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DEPARTMENT OF NATURAL RESOURCES

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FINDINGS DOCUMENT

Utah Coal Regulatory Program

PID: C0070038
TaskID: 4401
Mine Name: WILLOW CREEK MINE
Title: MIDTERM PERMIT REVIEW

General Contents

Identification of Interest

Analysis:

The Ownership and Control information found in the MRP, Volume 4, Exhibit 1 was compared to the Applicant Violator System. The information was updated and incorporated in the MRP on March 7, 2013 and no anomalies were found.

An AVS Evaluation Report dated September 27, 2013 retrieved 2 violations. A narrative was requested. The narrative reported that both violations are under settlement.

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Reporting of Technical Data

Analysis:

Item A. PERMIT CONDITIONS, DIVISION ORDERS, NOTICES OF VIOLATION, ABATEMENT PLANS, PERMITTEE INITIATED PLAN CHANGES and Compliance

The State issued mining permit contains one Special Condition which is included in Attachment A.

1) Plateau Mining Corporation will submit the required water quality data for the Willow Creek Mine in an electronic format through the Electronic Data Input web site, <http://linux.1.0gm.utah.gov/cgi-bon/appx-ogm.cgi>.

A second permit condition relates to the monitoring of the fill in the Crandall Canyon shafts. The Special Condition requires that the Permittee submit required surface and ground water monitoring data on a quarterly basis in an electronic fashion. A review of the DOGM coal tracking system data base and the quarterly water monitoring data indicates that the Permittee submitted all required quarterly reporting information through the second quarter of 2012 following the completion of all Phase II bond release requirements (8/31/2012). The Permittee has met this Special Condition of the permit.

The second permit condition is that the Permittee must perform annual settlement surveys on two reclaimed shafts in Crandall Canyon. This condition is contained in the MRP, Volume 17, Exhibit 24, Appendix B. A review of the 2012 Annual Report submitted by the Permittee on March 8, 2013 as performed by Division engineer James Owen indicates that the Permittee had the settling survey conducted on November 9, 2012 by Ware Surveying and Engineering. The East shaft fill settled 1.4 feet between 2008 and 2009. An additional 1.4 feet of settling occurred from 2010-2012. Five additional monitoring points were set for the East shaft and 9 additional monitoring points were set for the West shaft in 2012. The Permittee is meeting this condition of the permit (See 2012 Annual Report review/analysis by James Owen, Division Reclamation Engineer).

There are no pending Division Orders or Notices of Violation for the Willow Creek Mine permit area at this time.

There are no abatement plans being implemented at this time.

There are no Permittee-initiated Plan changes being reviewed or approved which need incorporation into the currently approved mining and reclamation plan.

Item B. Ensure that the MRP has been updated to reflect changes in the Utah Coal Regulatory Program which have occurred subsequent to the permit renewal (April 24, 2011).

A review of the DOGM coal tracking system data base indicates that the Permittee has submitted two updates to the mining and reclamation plan. Four water monitoring data submittals, and two annual reports have also been submitted (these documents are not included as part of the MRP). The two permit changes are Task ID #3874, Update to Ownership and Control (7/21/2011) and Task ID #4094, Phase II bond release (for the entire permit area of 95.4 acres / approved August 1, 2012).

Item D.

1) Evaluate the compliance status of the permit to ensure that all unabated enforcement actions comport with current regulations for abatement;

2) Verify the status of all finalized penalties levied subsequent to permit issuance or permit renewal;

3) Verify that there are no demonstrated patterns of violation (POV).

4) Conduct an AVS check to ensure that Ownership and Control information is current and correct.

There are no unabated enforcement actions pending for the Willow Creek Mine permit area.

All finalized penalties relative to enforcement actions within the Willow Creek Mine permit area have been paid to the issuing regulatory authority, which is the Utah Division of Oil, Gas and Mining.

There currently are no demonstrated patterns of violation (there are no violations pending).

The Division conducted a check of the Applicant Violator System (AVS) for the Plateau Mining Corporation (entity #147847) (which is a subsidiary of Alpha Natural Resources, Inc., entity # 249455) on September 27, 2013.

Two bond forfeiture violations were identified, both of which are relative to Glory Coal Company, and which are outstanding. The violations date back to 1985 and are under the Pittston settlement via Mr. Vaughn Groves.

Item F. Evaluate the permit for compliance with variances or Special Permit Conditions.

There are no known variances to the State of Utah R645 Coal Mining Rules in effect at this time in the Plateau Mining Corporation Willow Creek Mine C/007/038 mining and reclamation plan.

The Permittee completed the requirements of the Special Condition (listed on Attachment A of the current State permit) with the approval of the Phase II bond release application on August 31, 2012. The Permittee subsequently notified the Division on September 27, 2012 that the data submitted for the second quarter of 2012 was the final set of data to be submitted to meet the Special Condition. All submitted data can be reviewed at the Electronic Data Input web site, <http://linux1.ogm.utah.gov/cgi-bin/appx-ogm.cgi>.

There are no violations currently pending relative to this Special Condition (listed on Attachment A of the current State permit).

There are no notices of violation currently pending for the Willow Creek Mine permit area.

Item F. Evaluate the permit for compliance with variances or Special Permit Conditions.

There are no known variances to the State of Utah R645 Coal Mining Rules in effect at this time in the Plateau Mining Corporation Willow Creek Mine C/007/038 mining and reclamation plan.

The Permittee completed the requirements of the Special Condition (listed on Attachment A of the current State permit) with the approval of the Phase II bond release application on August 31, 2012. The Permittee subsequently notified the Division on September 27, 2012 that the data submitted for the second quarter of 2012 was the final set of data to be submitted to meet the Special Condition. All submitted data can be reviewed at the Electronic Data Input web site, <http://linux1.ogm.utah.gov/cgi-bin/appx-ogm.cgi>.

There are no violations currently pending relative to this Special Condition (listed on Attachment A of the current State permit).

There are no notices of violation currently pending for the Willow Creek Mine permit area.

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Reclamation Plan

Approximate Original Contour Restoration

Analysis:

Following the permanent cessation of operations in 2001, Plateau Mining Corporation began the reclamation of the Willow Creek Mine. By the fall of 2004 all demolition, earthwork, drainage construction and final seeding was completed on all but 1.17 acres referred to as the Load-out. In 2005 the demolition of the Load-out was completed and the area was reshaped and seeded in the spring of 2006.

During a Phase II bond release inspection held on June 19, 2012, Division staff observed that the previously disturbed areas have been backfilled, re-graded and restored to approximate original contour (AOC). The midterm inspection held on October 8, 2013 verified that areas are still stable.

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Bonding and Insurance General

Analysis:

Bonding costs have supporting calculations but do not include updated unit costs or an updated escalation estimates.

Deficiencies Details:

R645-301-830.140, Please provide updated information for estimated bonding costs with supporting calculations for the estimates. This includes updated unit costs (to be used to update bond calculation spreadsheets) and updated escalation factors. Updates should be provided using the 2013 data from R.S. Means Heavy Construction Cost data manual and the Caterpillar Handbook or other appropriate resources. The bonding summary sheet and corresponding bond calculation sheets need to be updated and appropriately escalated to 2018 dollars using Division's approved 1.5% and 5 year escalation.

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Operation Plan

Hydrologic Sediment Control Measures

Analysis:

A site visit was conducted October 8, 2013 to inspect the status of sediment control measures of priory completed reclamation for Phase III bond release. The only sediment control measures continuing in the permit area are vegetation and engineered drainage armored with rip rap. The vegetation was observed in Willow Creek Canyon, Gravel Canyon, and Schoolhouse Canyon. The established vegetation is substantial and clearly impedes sediment runoff to the same degree as surrounding undisturbed area vegetation.

Schoolhouse canyon is the location of permanently buried waste rock. On September 13 and 14, 2013 the area experienced a storm event exceeding the 200-year storm event. Due to this unique and large storm event the area experience some movement of rip rap in the engineered channel. In response, the operator submitted the Willow Creek Channel Repair Plan to the Division on September 27, 2013. This Plan did not alter the MRP and the Division approved the plan in early October 2013. Due to Bond release the operator is returning these channels to approved plans in the MRP with minimal disturbance to vegetation.

Because all facilities have been removed and the well established vegetation the facility is not contributing to suspended solids to stream flows outside the permit area. Further, the previous undertaken reclamation practices have minimized, to the extent practicable, the contribution of acid or toxic materials to surface or groundwater, and to otherwise prevent water pollution. The permit is in compliance with the hydrologic regulations of R645-301-700 and no changes are required to the MRP for the Mid-term review.

